

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02

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TO SECSTATE WASHDC 8969

INFO USMISSION GENEVA

UNCLAS MADRID 3195

E.O. 11652: N/A

TAGS: ETRD, SP

SUBJ: COUNTERVAILING DUTY PROCEEDINGS

REF: MADRID 3196

1. MAY 22 FOREIGN OFFICE DIRECTOR GENERAL RAIMUNDO BASSOLS CALLED IN THE ECONOMIC COUNSELOR TO DELIVER A NOTE ON THE SUBJECT OF SPANISH EXPORTS OF FOOTWEAR AND BOTTLED OLIVES TO THE UNITED STATES. THE CONTENTS OF THE NOTE ARE SUMMARIZED AS FOLLOWS:

A. SPANISH AUTHORITIES, ON MAY 13-14, EXPLAINED THE GOS EXPORT REBATE SYSTEM ON FOOTWEAR AND BOTTLED OLIVES WHICH, FROM THEIR POINT OF VIEW, IS COMPLETELY IN ACCORD WITH THE RELEVANT INTERNATIONAL RULES.

B. THE SPANISH FOREIGN MINISTRY HAS MADE IT CLEAR THAT IT DOES NOT CONSIDER THE FOOTWEAR AND BOTTLED OLIVE EXPORT TOPIC TO BE ONE THAT SHOULD BE EXAMINED IN ISOLATION AS A TECHNICAL ISSUE, BUT THAT IT SHOULD BE REVIEWED IN THE LIGHT OF A NUMBER OF POLITICAL AND ECONOMIC CONSIDERATIONS. AS A RESULT, THE TECHNICAL LEVEL MEETING
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WHICH WAS HELD WAS CONDITIONED TO A SUBSEQUENT MEETING OF

EITHER THE JOINT ECONOMIC COMMITTEE OR ONE BETWEEN DELEGATIONS MADE UP OF POLICY LEVEL OFFICIALS FROM THE VARIOUS DEPARTMENTS OF BOTH ADMINISTRATIONS.

C. AS IS KNOWN, THE FOREIGN MINISTRY ACCEDED TO THE TECHNICAL LEVEL MEETING ON THE UNDERSTANDING THAT THE TREASURY DEPARTMENT WOULD WITHHOLD PUBLICATION OF THE COUNTERVAILING DUTY HEARING NOTICE UNTIL THERE HAD BEEN A MEETING OF THE POLICY LEVEL DELEGATIONS. IT WAS THE SPANISH POSITION THAT IN THE EVENT OF A POSITIVE REACTION ON THE PART OF THE AMERICAN AUTHORITIES TO THE TECHNICAL LEVEL MEETINGS, THERE WOULD BE NO NECESSITY FOR THE POLICY LEVEL MEETING TO TAKE PLACE. ON THE OTHER HAND, IN THE EVENT OF A NEGATIVE FINDING, IT WAS UNDERSTOOD THAT THE TREASURY DEPARTMENT WOULD NOT PUBLISH INFORMATION ON THE HEARINGS UNTIL THE POLICY LEVEL DISCUSSIONS HAD TAKEN PLACE.

D. IT NOW APPEARS THAT THE DECISION OF THE US SIDE PARTICIPATING IN THE TECHNICAL LEVEL TALKS WILL NOT BE ARRIVED AT UNTIL THE END OF THE MONTH OR LATER. IN VIEW OF THIS NEW ELEMENT THE MINISTRY OF FOREIGN AFFAIRS IS OBLIGED TO INSIST ON THE AGREEMENT THAT THERE BE NO PUBLICATION OF THE HEARING NOTICE UNTIL A POLICY LEVEL MEETING BETWEEN THE TWO COUNTRIES. THE FACT THAT THE FINDING OF THE DEPARTMENT OF THE TREASURY, EITHER IN A FAVORABLE OR UNFAVORABLE SENSE, MIGHT BE POSTPONED FOR A LONGER TIME THAN PREVIOUSLY FORESEEN DOES NOT JUSTIFY THE ALTERATION OF THE REST OF THE CONDITIONS. THE SPANISH AUTHORITIES PRESUME THAT THE ANNOUNCEMENT PUBLICATION, HELD IN ABEYANCE UNTIL THE 31ST OF MAY HAS BEEN INDEFINITELY POSTPONED AND THAT THEREFORE THE POSSIBILITY REMAINS OPEN FOR THE CONVOKING OF A POLICY LEVEL DISCUSSION BETWEEN THE TWO COUNTRIES AT ANY MOMENT IN THE EVENT OF A POSSIBLE FINDING THAT THE PUBLICATION OF THE ANNOUNCEMENT OF THE HEARING IS FOUND NECESSARY.

2. THERE ARE SOME CLEAR DISCREPANCIES IN THE NOTE'S CONTENTS AND THE RECORD AND THE EMBASSY WILL UNDERTAKE TO STRAIGHTEN THE RECORD OUT ON THIS. HOWEVER, THE VALID POINT REMAINS THAT THE SPANISH DO HAVE A SINCERE UNDERSTANDING THAT THEY WOULD BE GIVEN THE OPPORTUNITY TO MAKE A POLICY LEVEL PRESENTATION BEFORE THE PUBLICATION OF A

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NOTICE IF SUCH WERE FOUND TO BE NECESSARY.

3. PLEASE SEE REFTEL SENT TODAY FOR FURTHER INFORMATION RELATIVE TO THIS SUBJECT.
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